

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1747 - SB 1778**

February 24, 2018

**SUMMARY OF BILL:** Adds licensed and trained education personnel to those persons who may staff telehealth services at a school clinic.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$451,000**

**Increase Federal Expenditures - \$870,000**

**Increase Local Expenditures – Exceeds \$1,170,000/Permissive**

**Assumptions:**

- Based on information provided by the Department of Education, there are 1,811 public and elementary schools in the state; 186 of those have health clinics and currently participate in telehealth services.
- The proposed legislation gives the 1,625 additional schools the option of participating in telehealth services if the schools are staffed by licensed and trained education personnel and equipped to engage in telehealth.
- If a staffed school elects to provide telehealth services, the school is responsible for any required infrastructure and equipment with an estimated cost of at least \$18,000 per school per year.
- Assuming a minimum of four percent of the schools, or at least 65 (1,625 x 4.0%), not currently offering telehealth services elect to participate in telehealth, the permissive and recurring increase in local expenditures is estimated to exceed \$1,170,000 (65 minimum schools x \$18,000 minimum cost).
- Based on information provided by the Division of TennCare (Division), the Division anticipates an increase in utilization of telehealth encounters.
- Based on information provided by the Division, covered telehealth services for which FY16-17 expenditures for school delivered services totaled \$26,421,114.
- It is estimated the proposed legislation will result in a five percent increase in utilization. The recurring increase in expenditures is estimated to be \$1,321,056 (\$26,421,114 x 5.0%). Medicaid expenditures receive matching funds at a rate of 34.142 percent state fund and 65.858 percent federal funds. The recurring increase in expenditures is

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estimated to be \$451,035 ( $\$1,321,056 \times 34.142\%$ ) in state funds and \$870,021 ( $\$1,321,056 \times 65.858\%$ ) in federal funds.

- Based on information from the Department of Finance and Administration, the Division of Benefits Administration, it is assumed any increase in claims can be accommodated within existing resources.
- Based on information provided by the Department of Commerce and Insurance (DCI), the proposed legislation will not significantly impact any programs or policies of the DCI; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by the Department of Education (DOE), the proposed legislation will not have an impact on any programs or policies of the DOE; therefore, any fiscal impact is estimated to be not significant.
- Based on information provided by the Department of Health (DOH), the proposed legislation will not have an impact on any procedures or processes of the DOH; therefore, any fiscal impact is estimated to be not significant.

## **IMPACT TO COMMERCE:**

**Increase Business Revenue – Exceeds \$2,491,800**

**Increase Business Expenditures – Less than \$2,491,800**

**Jobs Impact – Not Significant**

### **Assumptions:**

- Health care providers will incur a recurring increase in revenue to cover the increase in claims as a result of the proposed legislation.
- Medical supply providers will incur a recurring increase in business revenue estimated to cover expenses of providing equipment and maintenance for telehealth services.
- For companies to retain solvency, any increased expenditures will be less than the amount of revenue collected.
- Given the new business generated by passage of the proposed legislation is expected to occur across multiple education personnel, the number of jobs created by any one entity is estimated to be not significant. As a result, any total impact to jobs in Tennessee is estimated to be not significant.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

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